
A BILL FOR AN ACT

RELATING TO WORKERS' COMPENSATION PRESCRIPTION DRUG
REIMBURSEMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. This Act further amends Act 231, Session Laws
2 of Hawaii 2014, which enacted a new statutory section with the
3 purpose of curtailing alarming cost increases of prescription
4 drugs and compounds in the workers' compensation system. Since
5 Act 231 was enacted, further analysis of other states shows that
6 of the thirty-seven states that reimburse prescription drugs on
7 the basis of a percentage of average wholesale price, the
8 reimbursement rates range widely. Notably, Hawaii has the
9 highest reimbursement rate for brand name and generic drugs at
10 forty per cent over average wholesale price.

11 The national average reimbursement rate is three per cent
12 below average wholesale price plus a \$4.32 dispensing fee for
13 brand name drugs and four per cent below average wholesale price
14 plus a \$4.94 dispensing fee for generic drugs. More
15 specifically, California reimburses at a rate of seventeen per
16 cent below average wholesale price with a \$7.25 dispensing fee



1 for both brand name and generic drugs. Oregon reimburses at
 2 16.5 per cent below average wholesale price with a \$2 dispensing
 3 fee for both brand name and generic drugs. Both these states
 4 are considered progressive workers' compensation states and have
 5 worked on their systems extensively. Louisiana has the next
 6 highest rate at ten per cent over average wholesale price with a
 7 \$10.51 dispensing fee for brand name drugs.

8 The purpose of this Act is to bring Hawaii closer to the
 9 rest of the nation in terms of its dispensing policies and
 10 reimbursement rates for prescription drugs and compounds in the
 11 workers' compensation system.

12 SECTION 2. Section 386-21.7, Hawaii Revised Statutes, is
 13 amended by amending subsections (a) through (d) to read as
 14 follows:

15 "(a) Notwithstanding any other provision to the contrary,
 16 immediately after a work injury is sustained by an employee and
 17 so long as reasonably needed, the employer shall furnish to the
 18 employee all prescription drugs as the nature of the injury
 19 requires[-]; except that physician-dispensed prescription drugs
 20 shall only be provided during the first days from the date



1 of injury. The liability for the prescription drugs shall be
2 subject to the deductible under section 386-100.

3 (b) Payment for all forms of prescription drugs including
4 repackaged and relabeled drugs shall be [~~one hundred forty~~]
5 _____ per cent of the average wholesale price set by the
6 original manufacturer of the dispensed prescription drug as
7 identified by its National Drug Code and as published in the Red
8 Book: Pharmacy's Fundamental Reference as of the date of
9 dispensing, except where the employer or carrier, or any entity
10 acting on behalf of the employer or carrier, directly contracts
11 with the provider or the provider's assignee for a lower amount.

12 (c) Payment for compounded prescription drugs shall be the
13 sum of [~~one hundred forty~~] _____ per cent of the average
14 wholesale price by gram weight of each underlying prescription
15 drug contained in the compounded prescription drug. For
16 compounded prescription drugs, the average wholesale price shall
17 be that set by the original manufacturer of the underlying
18 prescription drug as identified by its National Drug Code and as
19 published in the Red Book: Pharmacy's Fundamental Reference as
20 of the date of compounding, except where the employer or
21 carrier, or any entity acting on behalf of the employer or



1 carrier, directly contracts with the provider or provider's
2 assignee for a lower amount.

3 (d) All pharmaceutical claims submitted for repackaged,
4 relabeled, or compounded prescription drugs shall include the
5 National Drug Code of the original manufacturer. If the
6 original manufacturer of the underlying drug product used in
7 repackaged, relabeled, or compounded prescription drugs is not
8 provided or is unknown, then reimbursement shall be [~~one hundred~~
9 ~~forty~~] _____ per cent of the average wholesale price for the
10 original manufacturer's National Drug Code number as listed in
11 the Red Book: Pharmacy's Fundamental Reference of the
12 prescription drug that is most closely related to the underlying
13 drug product."

14 SECTION 3. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 4. This Act shall take effect on July 1, 2050.



Report Title:

Workers' Compensation; Prescription Drugs; Reimbursement;
Limitation

Description:

Decrease the reimbursement rate for prescription drugs in the workers' compensation system based on a percentage of the average wholesale price. Restricts the provision of physician-dispensed prescription drugs to a specified time following injury. (HB1181 HD2)

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